



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

January 2, 2013

Mr. Jonathan Hurst, Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Mr. Hurst and Ms. Parks:

Enclosed is the agency's FY 2013 Monthly Financial Report as of November 2012. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The following adjustments were made to the operating budget in the month of November which resulted in a net decrease of \$8,384,933.

- Adjustments in federal entitlement funds were made in the following strategies for a net decrease of \$8,384,933 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
 - Strategy B.1.11 Foster Care Payments was decreased \$9,463,983
 - Strategy B.1.12 Adoption Subsidy Payments was increased \$1,079,050

BUDGET VARIANCES

This report reflects a net surplus of \$5.8 million that consists of a \$6.7 million surplus in General Revenue, a \$1.6 million surplus in TANF, and a \$2.5 million shortfall in Federal Entitlement.

- A shortfall of \$9.4 million (\$6.9 million General Revenue/\$2.5 million federal entitlement) is projected for the CPS day care strategies based on the most recent HHSC forecasts and expenditure trends. The agency has requested that surplus funds in Strategy B.1.11 Foster Care Payments be used to cover these General Revenue shortfalls.
 - Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$4.3 million (\$1.8 million General Revenue/\$2.5 million federal entitlement).

- Strategy B.1.4 TWC Relative Day Care has a projected shortfall of \$1.3 million in General Revenue.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$3.8 million in General Revenue.
- Strategy B.1.10 Other CPS Purchased Services has a projected surplus of \$1.6 million in TANF. This projected surplus can be utilized in the agency for other purposes such as reducing the impact of federal fund losses if sequestration enacted in the Budget Control Act is implemented.
- Strategy B.1.11 Foster Care Payments has a projected surplus of \$15.6 million in General Revenue based on the most recent HHSC forecasts and expenditure trends.
- Strategy B.1.13 Relative Caregiver Payments has a projected shortfall of \$2.4 million in General Revenue based on the most recent HHSC forecasts and expenditure trends. The agency has requested that surplus funds in Strategy B.1.11 Foster Care Payments be used to cover this General Revenue shortfall.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

Previously reported variances for CPS day care strategies and for foster care are significantly different than the variances in this report due to the recent HHSC forecast updates that were used for projections.

OTHER KEY BUDGET ISSUES

Until trends can be established, projected expenditures are assumed to equal the operating budget except for foster care, adoption/PCA subsidies, relative caregiver payments, day care services and CPS purchased services. On December 18, 2012, DFPS re-submitted its FY 2013 request originally contained in the May 21, 2012 Request to Exceed Appropriated Amounts letter. The December 18, 2012 letter requests to utilize the projected surplus in B.1.11 Foster Care Payments to offset projected General Revenue shortfalls in B.1.3 TWC Foster Day Care, B.1.4 TWC Relative Day Care, B.1.5 TWC Protective Day Care, and B.1.13 Relative Caregiver Payments in the amounts itemized above.

CAPITAL BUDGET ISSUES

No significant variances are projected at this time.

Please contact Beth Cody at 438-3351 if you have any questions or require additional information.

Sincerely,



Cindy Brown
Chief Financial Officer

cc: Garnet Coleman, State Representative
Andria Franco, Governor's Office
Jamie Dudensing, Lieutenant Governor's Office
Julia Rathgeber, Lieutenant Governor's Office

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Jennifer Deegan, Speaker's Office
Sarah Hicks, Senate Finance Committee
Keith Yawn, House Appropriations Committee
Heather Fleming, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board